

MEDICAL CARE DIRECT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2012

Registered number 4119418

TUESDAY



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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of Medical Care Direct Limited ('the Company') is the sourcing of private medical treatment for private individuals, insurers and trust fund administrators

The Directors are pleased to report a much improved year with turnover increasing by 42% and administrative expenses rising by only 7%, resulting in an operating profit of £1k (2011 £79k loss)

The Company has now grown to a size where its overheads are covered by its incoming revenues and the Directors are confident that a number of new revenue streams in progress for 2013 will result in the Company moving fully into profit from 2013 onwards

PRINCIPAL RISK AND UNCERTAINTIES

Medical Care Direct Limited as part of the Skipton Building Society Group has a formal structure for managing risks through its risk management framework

The principal risks and uncertainties of the Company pertain to raising the profile of the Company sufficiently to enable it to attract volumes of retail customers

This risk is mitigated by a number of factors. The parentage of both Skipton Building Society and The Private Health Partnership Limited raises the profile of the Company and introduces high level contacts in larger organisations whilst lending credibility to the Company and enabling it to satisfy robust due diligence requirements. The key personnel involved with the Company from the parent also have large numbers of industry contacts

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the Company's policy to agree payment terms and conditions in advance of the supply of goods and endeavour to conform to those payment terms. Creditor days at 31 December 2012 were 45 (2011 52)

DIRECTORS

The Directors who served during the year were

M J Jones

A C Robinson

J E Lawson

D J Cutter (resigned 30 November 2012)

I M Cornelius (appointed 30 November 2012)

Mr D J Cutter and Mr I M Cornelius are Directors of the ultimate parent undertaking Skipton Building Society. Mr A C Robinson is a Director of Skipton Group Holdings Limited. Ms J E Lawson is a Director of The Private Health Partnership Limited. The interests in the shares of the Group companies are not required to be recorded in the register maintained by the Company

Other Directors of the Company as at 31 December 2012 had no other interests in the shares of any other Group undertaking at any time during the year

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company did not make any charitable or political donations during the year (2011 nil)

DIVIDENDS

No dividends were paid or received during the year ended 31 December 2012 (2011 nil)

GOING CONCERN

Notwithstanding net liabilities at 31 December 2012, the Directors believe that it is appropriate to prepare these financial statements on a going concern basis. The current economic environment is difficult and the Company has reported a loss before tax for the period. However, the Directors consider that the outlook is more favourable for the Company and expects the Company to be profitable in the forthcoming year. A letter of support for the next 12 months has been provided by The Private Health Partnership Limited

DISCLOSURE OF THE INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

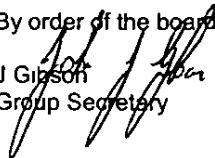
Directors' Report (continued)

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

J Gibson
Group Secretary



1 February 2013

Medical Care Direct Limited
The Bailey
Skipton
North Yorkshire
BD23 1DN

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Medical Care Direct Limited

We have audited the financial statements of Medical Care Direct Limited for the year ending 31 December 2012 set out on pages 7 to 22

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

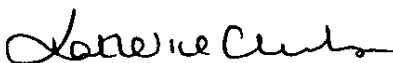
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all of the information and explanations we require for our audit



Katherine Clinton (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

1 February 2013

Statement of Comprehensive Income
for year ended 31 December 2012

	Note	2012	2011
		£	£
Revenue	1	338,087	238,001
Administrative expenses		(337,126)	(316,606)
Profit / (Loss) from operations	3	961	(78,605)
Finance income	4	46	51
Finance expenses	5	(10,671)	(11,780)
Loss before tax		(9,664)	(90,334)
Tax credit	7	1,862	23,499
Loss for the year		(7,802)	(66,835)

The loss for the current and comparative financial period was derived wholly from continuing operations

There were no other recognised items of income or expenditure during the year or prior period and so a separate statement of recognised income and expenditure has not been presented

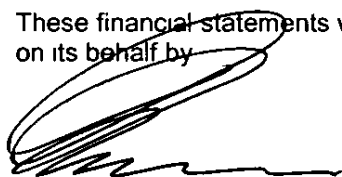
The Statement of Comprehensive Income is prepared on an unmodified historical cost basis

The notes on pages 11 to 22 form part of these financial statements

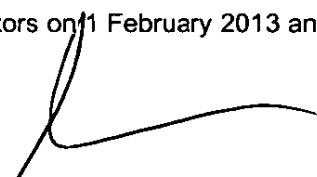
Statement of Financial Position
at 31 December 2012

	Note	2012	2011
		£	£
Non-current assets			
Property, plant and equipment	11	21,594	38,885
Intangible assets	10	5,873	11,798
Deferred tax assets	12	5,393	3,205
Total non-current assets		32,860	53,888
Current assets			
Trade and other receivables	8	138,384	244,785
Cash and cash equivalents	9	169,676	44,760
Current tax asset		-	10,008
Total current assets		308,060	299,553
TOTAL ASSETS		340,920	353,441
Current liabilities			
Trade and other payables	13	737,540	744,602
Current tax liability		2,343	-
Total liabilities		739,883	744,602
Equity			
Share capital	14	11,250	11,250
Share premium		47,502	47,502
Retained earnings		(457,715)	(449,913)
Total equity		(398,963)	(391,161)
TOTAL EQUITY & LIABILITIES		340,920	353,441

These financial statements were approved by the board of directors on 1 February 2013 and were signed on its behalf by



J E Lawson
Director



A C Robinson
Director

Registered number 4119418

The notes on pages 11 to 22 form part of these financial statements

Statement of Changes in Equity
for year ended 31 December 2012

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	11,250	47,502	(449,913)	(391,161)
Loss for the period	-	-	(7,802)	(7,802)
Balance at 31 December 2012	11,250	47,502	(457,715)	(398,963)

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2011	11,250	47,502	(383,078)	(324,326)
Loss for the period	-	-	(66,835)	(66,835)
Balance at 31 December 2011	11,250	47,502	(449,913)	(391,161)

The notes on pages 11 to 22 form part of these financial statements

Statement of Cash Flows
for year ended 31 December 2012

	Note	2012	2011
		£	£
Cash flows from operating activities			
Loss before tax		(9,664)	(90,334)
Adjustments for			
Depreciation	11	19,723	22,740
Amortisation	10	6,731	6,576
Loss on sale of property, plant and equipment		8	-
Interest expense	5	10,671	11,780
Finance income	4	(46)	(51)
Decrease/(increase) in trade and other receivables	8	106,401	(106,365)
Increase/(decrease) in trade and other payables	13	(7,062)	13,199
		126,762	(142,455)
Interest paid	5	(10,671)	(11,780)
Taxation received		12,025	55,790
Net cash from/(used in) operating activities		128,116	(98,445)
Cash flows from investing activities			
Interest received	4	46	51
Acquisition of property, plant and equipment	11	(2,440)	(443)
Acquisition of intangible assets	10	(806)	(1,750)
Net cash used in investing activities		(3,200)	(2,142)
Net increase/(decrease) in cash and cash equivalents		124,916	(100,587)
Cash and cash equivalents at 1 January		44,760	145,347
Cash and cash equivalents at 31 December	9	169,676	44,760

The notes on pages 11 to 22 form part of these financial statements

Notes to the Financial Statements

1. Accounting policies

Medical Care Direct Limited ("the Company") is a company incorporated and domiciled in the UK

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

(a) Basis of accounting

The financial statements are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the EU and effective at 31 December 2012

Note 2 to the accounts sets out details of forthcoming standards and interpretations, which are relevant to the Company, and have been adopted by the EU but are not effective as at 31 December 2012

Currency presentation

The annual accounts are presented in pounds Sterling and, except where otherwise indicated, have been rounded to the nearest pound

Historical cost convention

The financial statements are drawn up under the historical cost convention as modified by the revaluation of available-for-sale assets, derivatives and other financial assets at fair value through the Income Statement

Going Concern

The current economic environment is difficult and the Company has reported a loss for the period. However, the Directors consider that the outlook is more favourable for the Company and expects the Company to be profitable within the next year

(b) Revenue recognition

Income is recognised over the period during which it is earned

(c) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases

Motor Vehicles	-	25% reducing balance
Office equipment	-	3-5 years straight line

(d) Intangible assets

Intangible assets include software development costs and purchased software that in the opinion of the Directors meets the definition of an intangible asset. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows

Purchased Software	-	3 years
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(e) Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset, is treated as a finance lease. The asset is recorded in the statement of financial position as an item of property, plant and equipment at an amount equal to the lower of its fair value and the present value of the minimum lease payments, less accumulated depreciation and impairment losses. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element, which reduces the outstanding obligation

All other leases are accounted for as operating leases. Costs of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term

Notes to the financial statements (continued)

(f) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantively enacted on the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

(g) Pensions

The company operates a defined contribution pension scheme. Contributions for the year are charged to the Statement of Comprehensive Income.

(h) Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

The cash flow statement has been prepared using the indirect method.

(j) Financial instruments

Trade receivables and payables are recognised on a fair value basis. Financial assets are derecognised when the contractual right to cash flows expires, or the financial asset is transferred to another party and the right to receive cash flows is also transferred. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or has expired.

(k) Impairment

The carrying amounts of the Company's assets are reviewed at each year end to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The carrying amount of the asset is reduced through an impairment account and the amount of the loss is recognised in the Statement of Comprehensive Income.

2. Adoption of new and revised International Financial Reporting Standards

There have been no new standards or interpretations adopted during the year.

Disclosed below are the new IFRS and amendments which at 31 December 2012 have been endorsed by the EU but were not effective and have therefore not been applied in preparing these financial statements.

- Amendments to IAS 1, *Presentation of items of Other Comprehensive Income*. This amendment is effective from 1 January 2013 and requires entities to group items presented in the Statement of Other Comprehensive Income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods. The impact of this amendment on the financial statements will be immaterial to the Company.
- Amendments to IAS 19, *Employee Benefits*. This amendment is effective from 1 January 2013 and updates the recognition, presentation and disclosures of retirement benefit plans. This amendment is not expected to have an impact for the Company.
- IFRS 10 - 12. These standards are a package of three new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvement with other entities. These standards are not expected to have an impact for the Company.

Notes to the financial statements (continued)

- IFRS 13, *Fair Value Measurement* Effective from 1 January 2013, this new standard defines fair value and sets out in a single framework comprehensive guidance for measuring fair value. It will also require increased disclosure about fair value measurements but does not change the requirements with regards to which financial and non-financial assets and liabilities will be measured at fair value. This amendment is not expected to have an impact for the Company.

The Company notes that there are also new accounting standards on the horizon, which are neither adopted by the EU nor effective at 31 December 2012 including IFRS 9. IFRS 9 is still subject to EU endorsement, the timing of which is uncertain, but is currently expected to be effective for annual periods beginning on or after 1 January 2015. As such the Company is monitoring developments and considering the associated impact on the Company financial statements.

3 Profit / (Loss) from operations

	2012 £	2011 £
Profit / (Loss) from operations has been arrived at after charging		
Depreciation of property, plant and equipment	19,723	22,740
Amortisation of intangibles	6,731	6,576
Staff costs (see note 6)	226,447	187,427
Rentals payable under operating leases	22,990	17,864
Auditor's remuneration and expenses		
Audit of these accounts	3,300	3,150

4 Finance income

	2012 £	2011 £
Bank interest on deposits	46	51
	46	51

5 Finance expenses

	2012 £	2011 £
Interest income on bank overdrafts and loans	10,671	11,780
	10,671	11,780

6 Staff numbers and costs

	2012	2011
The average monthly number of persons employed by the Company (including Directors) during the period was as follows		
Directors	1	1
Other	6	5
	7	6

	2012 £	2011 £
The aggregate payroll costs of these persons were as follows		
Wages and salaries	206,157	169,064
Social security costs	16,040	14,113
Other pension costs	4,250	4,250
	226,447	187,427

A number of staff employed by the parent company also carry out duties for the subsidiary companies. Their costs are reflected within each company according to the amount of time allocated. Staff are included in the headcount of the company in which they spend the majority of their time.

Notes to the financial statements (continued)

6 Staff numbers and costs (continued)

Included in the above aggregate payroll costs are the following directors' emoluments

	2012	2011
	£	£
Directors' emoluments	134,069	133,617
Social security costs	16,779	16,853
Other payroll costs	13,668	13,878
	164,516	164,348

Information regarding the highest paid director is as follows

	2012	2011
	£	£
Salary	47,083	38,564
Benefits in kind	5,464	4,346
Pension contributions to money purchase scheme	10,988	10,856
	63,535	53,866

Pension benefits are accruing to 1 director (2011 1) under money purchase schemes

The company was recharged £2,750 (2011 £2,329) in respect of director services provided by Skipton Building Society

Notes to the financial statements (continued)

7 Tax credit

	2012 £	2011 £
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A reconciliation of current tax on the loss on ordinary activities at the standard UK corporation tax rate to the actual current tax expense is as follows

a) Analysis of credit in the year at 24.5% (2011 26.5%)

Current tax credit

Current tax at 24.5%	343	(21,007)
Adjustment in respect of prior periods	(16)	-
Total current tax	327	(21,007)
Deferred tax credit		
Current year	(2,189)	(2,492)
Adjustment in respect of prior periods	-	-
Total deferred tax	(2,189)	(2,492)
Income tax credit	(1,862)	(23,499)

b) Factors affecting tax credit in the year

	2012 £	2011 £
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The charge for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows

Loss on ordinary activities before tax	(9,664)	(90,334)
Tax on loss on ordinary activities at UK standard rate of 24.5% (2011 26.5%)	(2,368)	(23,932)
Effects of		
- expenses not deductible for tax purposes	107	229
- adjustment to tax expense in respect of prior periods	(16)	-
- effects of other tax rates/credits	415	204
Income tax credit	(1,862)	(23,499)

Notes to the financial statements (continued)

8 Trade and other receivables	2012	2011
	£	£
Trade debtors gross	130,975	236,702
Impairment of trade debtors	(824)	(924)
Other debtors	1,900	1,900
Prepayments and accrued income	6,333	7,107
	138,384	244,785

Aged analysis of trade debtors

	Total £	Less than 30 days £	30-60 days £	60-90 days £	90 days+ £
Trade debtors 2012	130,151	103,992	15,645	4,154	6,360

	Total £	Less than 30 days £	30-60 days £	60-90 days £	90 days+ £
Trade debtors 2011	235,778	138,371	55,907	19,876	21,624

The movement on the allowance for impairment in respect of trade debtors during the year was as follows

	£
At 1 January 2012	924
Provisions made during the year	-
Debtors written off during the year	(100)
At 31 December 2012	824

9. Cash and cash equivalents	2012	2011
	£	£
Bank balances	169,676	44,760

10 Intangible assets

	Purchased Software £
Cost	
At 1 January 2012	19,841
Additions	806
At 31 December 2012	20,647
Accumulated amortisation	
At 1 January 2012	8,043
Amortisation charge for the year	6,731
At 31 December 2012	14,774
Carrying amounts	
At 1 January 2012	11,798
At 31 December 2012	5,873

Notes to the financial statements (continued)

10 Intangible assets (continued)

	Total £
Cost	
At 1 January 2011	18,091
Additions	1,750
At 31 December 2011	19,841
Accumulated amortisation	
At 1 January 2011	1,467
Amortisation charge for the year	6,576
At 31 December 2011	8,043
Carrying amounts	
At 1 January 2011	16,624
At 31 December 2011	11,798

11 Property, plant and equipment

	Motor Vehicles £	Office Equipment £	Total £
Cost			
At 1 January 2012	25,000	70,625	95,625
Additions	-	2,440	2,440
Disposals	-	(448)	(448)
At 31 December 2012	25,000	72,617	97,617
Accumulated Depreciation			
At 1 January 2012	15,092	41,648	56,740
Depreciation charge for the year	2,208	17,515	19,723
Disposals	-	(440)	(440)
At 31 December 2012	17,300	58,723	76,023
Carrying amounts			
At 1 January 2012	9,908	28,977	38,885
At 31 December 2012	7,700	13,894	21,594

Notes to the financial statements (continued)

11 Property, plant and equipment (continued)

	Motor Vehicles £	Office Equipment £	Total £
Cost			
At 1 January 2011	25,000	70,182	95,182
Additions	-	443	443
At 31 December 2011	25,000	70,625	95,625
Accumulated Depreciation			
At 1 January 2011	12,250	21,750	34,000
Depreciation charge for the year	2,842	19,898	22,740
At 31 December 2011	15,092	41,648	56,740
Carrying amounts			
At 1 January 2011	12,750	48,432	61,182
At 31 December 2011	9,908	28,977	38,885

12 Deferred tax

The movement on the deferred tax account is as shown below

	2012 £	2011 £
At 1 January	3,205	714
Deferred tax charge in Statement of Comprehensive Income for the period	2,188	2,491
At 31 December	5,393	3,205
Deferred tax assets	2012	2011
Deferred tax assets are attributable to the following items	£	£
Accelerated capital allowances	5,203	714
Temporary differences	190	2,491
At 31 December	5,393	3,205

The deferred tax asset is recognised despite the Company being loss making as the Company's accounts are prepared on a going concern basis and the company expects to be profitable within the next year

13 Trade and other payables

	2012 £	2011 £
Trade creditors	246,336	207,484
Amounts owed to parent	431,809	475,726
Other creditors	975	1,095
Accruals and deferred revenue	58,420	60,297
	737,540	744,602

All trade and other payables are payable on demand

Notes to the financial statements (continued)

14 Share capital

	At 1 January 2012 £	At 31 December 2012 £
Allocated, called up and fully paid		
112,500 Ordinary shares at £0.10 each	11,250	11,250
	11,250	11,250

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

15 Management of capital

Capital is considered to be the audited profit and loss reserve and ordinary share capital in issue

	31 December 2012 £	31 December 2011 £
Capital		
Ordinary shares	11,250	11,250
Profit and loss reserve	(457,715)	(449,913)
Total	(446,465)	(438,663)

Company objectives when managing capital are

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies

The period end capital position is reported to the operational Board on a monthly basis. The capital position is also given due consideration when corporate plans are prepared, calculating the future requirements based upon the three year financial forecast

During the year, the Company saw its capital position decrease from £(438,663) to £(446,465). The Company has received a letter of support from its parent company, The Private Health Partnership Limited

Notes to the financial statements (continued)

16 Related parties transactions

The Company has related party relationships with other subsidiaries within the Skipton Building Society Group as detailed below

All such transactions are priced on an arms-length basis

	2012	2011
	Parent under- taking £	Parent under- taking £
a) Net interest		
Interest payable	10,671	11,780
Total	10,671	11,780
b) Purchase of services		
Group shared service costs	80,615	75,224
Professional services	-	5,986
IT services	-	-
Total	80,615	81,210
c) Outstanding balances		
Payable to related parties	413,619	474,764
Total	413,619	474,764
e) Key management compensation		
Salaries and other short term employee benefits	92,276	101,861
Post employment benefits	6,743	8,054
Total	99,019	109,915

'Key management personnel' comprises M J Jones, J E Lawson, C A Husbands

There are no provisions in respect of sales of goods and services to related parties, either at 31 December 2012 or at 31 December 2011. The Company is part of the group banking arrangements involving the pooling of funds with other group companies within the PHP Group.

Notes to the financial statements (continued)

17 Capital commitments

The Company has annual commitments due under operating leases. At the statement of financial position date these were as follows:

	2012 £	2011 £
On leases expiring		
Within one year	22,990	17,864
Within two to five years	17,243	-
	40,233	17,864

18 Financial instruments

The financial risks faced by the Company include credit risk and liquidity risk and these are monitored on a regular basis by management.

Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due and makes provision for impairment. Management carefully manages its exposure to credit risk.

The maximum exposure to credit risk at the report date was:

	Carrying Amount	
	2012 £	2011 £
Other receivables	1,900	1,900
Trade debtors	130,975	236,702
Cash and cash equivalents	169,676	44,760
Total gross balances	302,621	283,362
Impairment of trade receivables	(824)	(924)
Total	301,727	282,438

The aged analysis of trade debtors is included in Note 8.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. The Directors believe they have minimal exposure to liquidity risk.

31 December 2012

	Carrying amount £	Contractual cash flows £	6 mths or less £
Non-derivative financial liabilities			
Trade and other payables	247,311	247,311	247,311
Accruals and deferred revenue	58,420	58,420	58,420
Amounts owing to group companies	431,809	431,809	431,809
	737,540	737,540	737,540

31 December 2011

	Carrying amount £	Contractual cash flows £	6 mths or less £
Non-derivative financial liabilities			
Trade and other payables	208,579	208,579	208,579
Accruals and deferred revenue	60,297	60,297	60,297
Amounts owing to group companies	475,726	475,726	475,726
	744,602	744,602	744,602

Notes to the financial statements (continued)

19 Ultimate parent undertaking

The Company is an 80% owned subsidiary of The Private Health Partnership Limited. The ultimate parent undertaking is Skipton Building Society which is registered in the United Kingdom. A copy of the group annual report and accounts into which the results of this company are consolidated is available from -

The Secretary
Skipton Building Society
The Bailey
Skipton
North Yorkshire
BD23 1DN